



Fair Credit Reporting Act

Procedures for Compliance with The Fair Credit Reporting Act (FCRA)

This overview of the Fair Credit Reporting Act (FCRA) addresses requirements related to the employment background checking process and is provided only as general guidance to First Advantage's customers. It is neither intended as legal advice nor as a sole educational tool for the employer's staff. You, as the employer, retain the responsibility to understand the FCRA and educate your staff involved in the screening process. Because the information contained herein is general and is neither complete nor necessarily applicable to your specific set of facts or circumstances, please consult your legal counsel for guidance.

For a full copy of the FCRA and other useful information, visit the Federal Trade Commission's (FTC) website www.ftc.gov/os/statutes/fcra.htm.

The FCRA was enacted to help protect consumers in the consumer reporting process by regulating what is reported, the consumer reporting agency, and the employers or users of the consumer reports. The FCRA requires employers to take certain actions when it obtains a consumer report through a consumer reporting agency. The following procedures, which are divided into two categories, are suggestions that are designed to help employers comply with the FCRA. The first category, Report Ordering Procedures, involves actions employers must take with the consumer reporting agency and the applicant/consumer before a consumer report is ordered and received. The second category, Adverse Action Procedures, deals with the use of the consumer report and is only necessary if any of the information, in whole or in part, obtained from the consumer report adversely affects the applicant.

REPORT ORDERING PROCEDURES

Here are the procedures to be taken by you, as the employer and user of the consumer report, before you order and receive a consumer report from First Advantage:

Step 1. Certify to First Advantage

Certify to First Advantage that you will comply with: (i) the FCRA requirements of providing a written disclosure and obtaining a written authorization from the applicant; (ii) all pre-adverse and adverse action procedures; and (iii) not using the consumer report in violation of any equal opportunity laws or any other laws.

Step 2. Verify Applicant's Identity

Require applicant to furnish proper identification so that you can verify and confirm his/her identity.

Step 3. Provide Disclosure to Applicant

Provide a clear and conspicuous disclosure in writing to the applicant in a document that consists solely of the disclosure, stating that a consumer report may be obtained for employment purposes. This Disclosure must be in a separate document and cannot contain any additional information except for the consumer's authorization. Please note that the Disclosure cannot be made a part of any form including the employment application.

A sample Disclosure is included in this handout.

Step 4. Obtain Authorization from Applicant

Obtain written authorization from the applicant. As stated above, the Authorization may be obtained in the same document as the Disclosure, which is an exception to the general rule that the Disclosure must be in a separate document that consists solely of itself. In fact, some FTC opinions have found that having the Authorization on the Disclosure heightens the consumer's awareness to the Disclosure and furthers its purpose.

A sample Authorization is included in this handout.

Therefore, one of the ways to comply with the Disclosure and Authorization requirements is to include the Authorization on the same document as the Disclosure but keep this combined document separate and apart from the employment application form. Another method of compliance is to use two separate documents, having the Disclosure by itself and the Authorization by itself.

A sample combined Disclosure and Authorization is included in this handout.

ADVERSE ACTION PROCEDURES

Not only does the denial of employment fall under the FCRA definition of "adverse action", but also any other decision for employment purposes that adversely affects any current or prospective employee will constitute an adverse action.*

Step 5. Provide Applicant Pre-Adverse Action Documents

If the consumer report provides information that will negatively influence the employment opportunities of the applicant, whether in whole or in part, you must do all of the following BEFORE such an adverse action is made:

- a. Provide the applicant with a copy of the consumer report; and
- b. Provide the applicant a description in writing of their rights under the FCRA as prescribed by the FTC.

A sample Summary of Rights Under the FCRA can be found on the PDF file "FCRASummary".

This pre-adverse action process allows the applicant the chance to dispute the negative information in the report. The employer should allow a reasonable amount of time for the applicant to respond to this pre-adverse notification before final determination is made or adverse action is taken. (There is an FTC opinion letter that deems 5 days as reasonable, but it will depend upon your circumstances.*)

A sample Pre-adverse Action Letter is included in this handout.

Step 6. Notify Applicant of Adverse Action

If you decide to take any adverse action (such as not employing the applicant), based in whole or in part, on the information revealed in the consumer report, you must do the following in writing, orally or electronically* (First Advantage recommends written documentation.):

- a. Provide notice to the applicant of the adverse action*;
- b. Provide to the applicant the names, address and telephone number of the consumer reporting agency and a statement that “the consumer reporting agency did not make the decision to take the adverse action and is unable to provide the applicant the specific reasons why the adverse action was taken”; and,
- c. Provide notice to the applicant of his/her right to obtain within sixty (60) days, a free copy of the consumer report from the consumer reporting agency and to dispute with the consumer reporting agency the accuracy or completeness of any information in a consumer report furnished by the consumer reporting agency.

A sample Adverse Action Letter is included in this handout.

Some variances exist for non-written consent for the trucking industry.*

Please be aware that some states have requirements in addition to the FCRA that you will also need to comply with. For example, in the states of Minnesota and Oklahoma, you will have to give the applicant a written disclosure with a box the applicant can check if they want to obtain a copy of the consumer report. California has a similar requirement except it is limited to consumer credit reports.*

*Please consult legal counsel for what methods are best for your business operation and how to comply appropriately.

SAMPLE DISCLOSURE: *As the employer or user of consumer reports, it is your responsibility to ensure compliance with all of the relevant federal, state and local laws governing this area. We strongly recommend that prior to use, you consult with an attorney.*

**NOTICE TO APPLICANTS/EMPLOYEES REGARDING
CONSUMER REPORTS**

A consumer report and/or an investigative consumer report including information concerning your character, employment history, general reputation, personal characteristics, police record, education, qualifications, motor vehicle record, mode of living, and/or credit and indebtedness may be obtained in connection with your application for and/or continued employment with the company. **A consumer report and/or an investigative consumer report may be obtained at any time during the application process or during your employment with the Company.** A consumer report containing injury and illness records and medical information may be obtained after a tentative offer of employment has been made. Upon timely written request of the Personnel Department of the Company, and within 5 days of the request, the name, address and phone number of the reporting agency and the nature and scope of the investigative consumer report will be disclosed to you.

Before any adverse action is taken, based in whole or in part on the information contained in the consumer report, you will be provided a copy of the report, the name, address and telephone number of the reporting agency, a summary of your rights under the Fair Credit Reporting Act, as well as additional information on your rights under the law.

Print your name

Signature

Date

DISCLOSURE AND AUTHORIZATION

[IMPORTANT -- PLEASE READ CAREFULLY BEFORE SIGNING AUTHORIZATION]

DISCLOSURE REGARDING BACKGROUND INVESTIGATION

As part of the employment process, _____ (“the Company”) who is a vendor or service provider and its client (the “Sponsor”) may obtain information about you for employment purposes from a third party consumer reporting agency. Thus, you may be the subject of a “consumer report” and/or an “investigative consumer report” which may include information about your character, general reputation, personal characteristics, and/or mode of living, and which can involve personal interviews with sources such as your neighbors, friends, or associates. These reports may contain information regarding your credit history, criminal history, social security verification, motor vehicle records (“driving records”), verification of your education or employment history, or other background checks. Credit history will only be requested where such information is related to the duties and responsibilities of the position for which you are applying. You have the right, upon written request made within a reasonable time after receipt of this notice, to request disclosure of the nature and scope of any investigative consumer report and a copy of any report about you. Please be advised that the nature and scope of the most common form of investigative consumer report obtained with regard to applicants for employment is an investigation into your education and/or employment history conducted by JUVW \$GYDQWDJH, P.O. Box 105108, Atlanta, GA 30348-5108, 1-800-845-6004, www.IDGY.com/risk/solutions. The scope of this notice and authorization is all-encompassing, however, allowing the Company and Sponsor to obtain from any outside organization all manner of consumer reports and investigative consumer reports now and throughout the course of your employment to the extent permitted by law. As a result, you should carefully consider whether to exercise your right to request disclosure of the nature and scope of any investigative consumer report.

New York and Maine applicants or employees only: You have the right to inspect and receive a copy of any investigative consumer report requested by the Company by contacting the consumer reporting agency identified above directly. You may also contact the Company to request the name, address and telephone number of the nearest unit of the consumer reporting agency designated to handle inquiries, which the Company shall provide within 5 days.

ACKNOWLEDGMENT AND AUTHORIZATION

I acknowledge receipt of the DISCLOSURE REGARDING BACKGROUND INVESTIGATION and A SUMMARY OF YOUR RIGHTS UNDER THE FAIR CREDIT REPORTING ACT and certify that I have read and understand both of those documents. I hereby authorize the obtaining of “consumer reports” and/or “investigative consumer reports” by the Company and Sponsor at any time after receipt of this authorization and throughout my employment, if applicable. To this end, I hereby authorize, without reservation, any law enforcement agency, administrator, state or federal agency, institution, school or university (public or private), information service bureau, employer, or insurance company to furnish any and all background information requested by JUVW \$GYDQWDJH, P.O. Box 105108, Atlanta, GA 30348-5108, 1-800-845-6004, www.IDGY.com/risk/solutions, another outside organization acting on behalf of the Company, and/or the Company itself. JUVW \$GYDQWDJH Privacy Policy: KWWS://ZZZ.IDGY.FRP/SULYDFI-SROLFVscreen.html. I agree that a facsimile (“fax”), electronic or photographic copy of this Authorization shall be as valid as the original.

New York applicants or employees only: By signing below, you also acknowledge receipt of Article 23-A of the New York Correction Law.

Minnesota and Oklahoma applicants or employees only: Please check this box if you would like to receive a copy of a consumer report at no charge if one is obtained by the Company.

California applicants or employees only: By signing below, you also acknowledge receipt of the NOTICE REGARDING BACKGROUND INVESTIGATION PURSUANT TO CALIFORNIA LAW. Please check this box if you would like to receive a copy of an investigative consumer report or consumer credit report at no charge if one is obtained by the Company whenever you have a right to receive such a copy under California law.

Washington State applicants or employees only:

You also have the right to request from the consumer reporting agency a written summary of your rights and remedies under the Washington Fair Credit Reporting Act.

Last Name _____ First _____ Middle _____

Signature: _____ Date: _____

** If you will be requesting driving records, we recommend that you have this form notarized.

Employer please note: If a Minnesota or Oklahoma consumer checks "YES" regarding the consumer report, or if a California consumer checks "YES" regarding the credit report (and you do request a credit report), please fax this form to your JUVW \$GYDQWDJH service center. If consumer checks "YES" regarding the full consumer report, and consumer resides in California, you will need to provide the individual with a copy of their consumer report, unless you have made prior arrangements for JUVW \$GYDQWDJH to do so on your behalf. Account Number: _____

Consumer Information

Last Name _____ First _____ Middle _____
Other Names/Alias _____
Social Security* # _____ Date of Birth* _____
Driver's License # _____ State of Driver's License* _____
Present Address _____ Phone Number _____
City/State/Zip _____
Former Employer _____ Position _____ Dates of Employment _____

*This information will be used for background screening purposes only and will not be used as hiring criteria

SAMPLE PRE-ADVERSE ACTION LETTER: *As the employer or user of consumer reports, it is your responsibility to ensure compliance with all of the relevant federal, state and local laws governing this area. We strongly recommend that prior to use, you consult with an attorney.*

PRE-ADVERSE ACTION NOTIFICATION

Date: _____

Dear Applicant:

A decision is currently pending concerning your application for employment at _____ . We are forwarding a copy of the consumer report that you authorized in regard to your application for employment, together with a “Summary of Rights Under the Fair Credit Reporting Act.” The contents of the enclosed report are currently under review in consideration of your employment.

If this report contains any information that is inaccurate or incomplete, you should contact our office immediately so that the corrected information can be reviewed prior to an employment decision being made.

Regards,

SAMPLE ADVERSE ACTION LETTER: As the employer or user of consumer reports, it is your responsibility to ensure compliance with all of the relevant federal, state and local laws governing this area. We strongly recommend that prior to use, you consult with an attorney.

ADVERSE ACTION NOTIFICATION

Dear Applicant:

We regret to inform you that based on our hiring criteria, we are unable to consider you further for an employment opportunity with our organization. This decision was made in part from the information we received from First Advantage, our employment screening vendor. First Advantage does not make these decisions and is unable to provide you with the specific reasons for them.

In accordance with the Fair Credit Reporting Act, you have previously received a copy of this information and a copy of your rights under the Act. You also have the right to obtain an additional free copy of the report within 60 days of your receipt of this letter by contacting the supplier at the addresses and telephone numbers below. Please refer to these documents if you have further questions. You have the right to dispute the accuracy or completeness of the information contained in the report(s) by contacting First Advantage or, if the report is a credit report, by contacting the credit bureau that furnished the report.

For credit reports, contact the bureau that supplied the report as listed on the consumer report: Experian: Consumer Assistance, P.O. Box 2350, Chatsworth, CA 91313, 888.397.3742
Equifax: P.O. Box 740241, Atlanta, GA 30374-0241, 800.685.1111
TransUnion: P.O. Box 7000, North Olmstead, OH 44071, 800.888.4213

For information on non-credit reports, contact:
First Advantage Background Services Corp.
Consumer Center
P.O. Box 105292 Atlanta, GA 30348
(800) 845-6004

Any dispute regarding the information on your report must be resolved with the agencies above.

Thank you for your interest in employment with our organization.

Regards,

Para informacion en espanol, visite www.consumerfinance.gov/learnmore o escribe a la Consumer Financial Protection Bureau, 1700 G Street N.W., Washington, DC 20552.

A Summary of Your Rights Under the Fair Credit Reporting Act

The federal Fair Credit Reporting Act (FCRA) promotes the accuracy, fairness, and privacy of information in the files of consumer reporting agencies. There are many types of consumer reporting agencies, including credit bureaus and specialty agencies (such as agencies that sell information about check writing histories, medical records, and rental history records). Here is a summary of your major rights under the FCRA. **For more information, including information about additional rights, go to www.consumerfinance.gov/learnmore or write to: Consumer Financial Protection Bureau, 1700 G Street N.W., Washington, DC 20552.**

• **You must be told if information in your file has been used against you.** Anyone who uses a credit report or another type of consumer report to deny your application for credit, insurance, or employment – or to take another adverse action against you – must tell you, and must give you the name, address, and phone number of the agency that provided the information.

• **You have the right to know what is in your file.** You may request and obtain all the information about you in the files of a consumer reporting agency (your “file disclosure”). You will be required to provide proper identification, which may include your Social Security number. In many cases, the disclosure will be free. You are entitled to a free file disclosure if:

- a person has taken adverse action against you because of information in your credit report;
- you are the victim of identity theft and place a fraud alert in your file;
- your file contains inaccurate information as a result of fraud;
- you are on public assistance;
- you are unemployed but expect to apply for employment within 60 days.

In addition, all consumers are entitled to one free disclosure every 12 months upon request from each nationwide credit bureau and from nationwide specialty consumer reporting agencies. See www.consumerfinance.gov/learnmore for additional information.

• **You have the right to ask for a credit score.** Credit scores are numerical summaries of your credit-worthiness based on information from credit bureaus. You may request a credit score from consumer reporting agencies that create scores or distribute scores used in residential real property loans, but you will have to pay for it. In some mortgage transactions, you will receive credit score information for free from the mortgage lender.

• **You have the right to dispute incomplete or inaccurate information.** If you identify information in your file that is incomplete or inaccurate, and report it to the consumer reporting agency, the agency must investigate unless your dispute is frivolous. See www.consumerfinance.gov/learnmore for an explanation of dispute procedures.

• **Consumer reporting agencies must correct or delete inaccurate, incomplete, or unverifiable information.** Inaccurate, incomplete or unverifiable information must be removed

or corrected, usually within 30 days. However, a consumer reporting agency may continue to report information it has verified as accurate.

- **Consumer reporting agencies may not report outdated negative information.** In most cases, a consumer reporting agency may not report negative information that is more than seven years old, or bankruptcies that are more than 10 years old.
- **Access to your file is limited.** A consumer reporting agency may provide information about you only to people with a valid need – usually to consider an application with a creditor, insurer, employer, landlord, or other business. The FCRA specifies those with a valid need for access.
- **You must give your consent for reports to be provided to employers.** A consumer reporting agency may not give out information about you to your employer, or a potential employer, without your written consent given to the employer. Written consent generally is not required in the trucking industry. For more information, go to www.consumerfinance.gov/learnmore.
- **You may limit “prescreened” offers of credit and insurance you get based on information in your credit report.** Unsolicited “prescreened” offers for credit and insurance must include a toll-free phone number you can call if you choose to remove your name and address from the lists these offers are based on. You may opt-out with the nationwide credit bureaus at 1-888-567-8688.
- **You may seek damages from violators.** If a consumer reporting agency, or, in some cases, a user of consumer reports or a furnisher of information to a consumer reporting agency violates the FCRA, you may be able to sue in state or federal court.
- **Identity theft victims and active duty military personnel have additional rights.** For more information, visit www.consumerfinance.gov/learnmore.

States may enforce the FCRA, and many states have their own consumer reporting laws. In some cases, you may have more rights under state law. For more information, contact your state or local consumer protection agency or your state Attorney General. For information about your federal rights, contact:

TYPE OF BUSINESS:	CONTACT:
<p>1.a. Banks, savings associations, and credit unions with total assets of over \$10 billion and their affiliates.</p> <p>b. Such affiliates that are not banks, savings associations, or credit unions also should list, in addition to the CFPB:</p>	<p>a. Consumer Financial Protection Bureau 1700 G Street NW Washington, DC 20552</p> <p>b. Federal Trade Commission: Consumer Response Center – FCRA Washington, DC 20580 (877) 382-4357</p>
<p>2. To the extent not included in item 1 above:</p> <p>a. National banks, federal savings associations, and federal branches and federal agencies of foreign banks</p> <p>b. State member banks, branches and agencies of foreign banks (other than federal branches, federal agencies, and Insured State Branches of Foreign Banks), commercial lending companies owned or controlled by foreign banks, and organizations operating under section 25 or 25A of the Federal Reserve Act</p> <p>c. Nonmember Insured Banks, Insured State Branches of Foreign Banks, and insured state savings associations</p> <p>d. Federal Credit Unions</p>	<p>a. Office of the Comptroller of the Currency Customer Assistance Group 1301 McKinney Street, Suite 3450 Houston, TX 77010-9050</p> <p>b. Federal Reserve Consumer Help Center P.O. Box 1200 Minneapolis, MN 55480</p> <p>c. FDIC Consumer Response Center 1100 Walnut Street, Box #11 Kansas City, MO 64106</p> <p>d. National Credit Union Administration Office of Consumer Protection (OCP) Division of Consumer Compliance and Outreach (DCCO) 1775 Duke Street Alexandria, VA 22314</p>
<p>3. Air carriers</p>	<p>Asst. General Counsel for Aviation Enforcement & Proceedings Aviation Consumer Protection Division Department of Transportation 1200 New Jersey Avenue, S.E. Washington, DC 20590</p>
<p>4. Creditors Subject to Surface Transportation Board</p>	<p>Office of Proceedings, Surface Transportation Board Department of Transportation 395 E Street SW Washington, DC 20423</p>
<p>5. Creditors Subject to Packers and Stockyards Act</p>	<p>Nearest Packers and Stockyards Administration area supervisor</p>
<p>6. Small Business Investment Companies</p>	<p>Associate Deputy Administrator for Capital Access United States Small Business Administration 409 Third Street, SW, 8th Floor Washington, DC 20416</p>
<p>7. Brokers and Dealers</p>	<p>Securities and Exchange Commission 100 F Street NE Washington, DC 20549</p>
<p>8. Federal Land Banks, Federal Land Bank Associations, Federal Intermediate Credit Banks, and Production Credit Associations</p>	<p>Farm Credit Administration 1501 Farm Credit Drive McLean, VA 22102-5090</p>
<p>9. Retailers, Finance Companies, and All Other Creditors Not Listed Above</p>	<p>FTC Regional Office for region in which the creditor operates or Federal Trade Commission: Consumer Response Center – FCRA Washington, DC 20580 (877) 382-4357</p>